

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**Session 2013**

**Legislative Actuarial Note**

RETIREMENT

**BILL NUMBER:** House Bill 161 (First Edition)

**SHORT TITLE:** Mandatory Retirement Age for Magistrates.

**SPONSOR(S):** Representatives Glazier, McGrady, and Jordan

**BILL SUMMARY:** Establishes a mandatory retirement age for all magistrates to be the same as for judges and justices of the General Court of Justice, which presently age 72.

**EFFECTIVE DATE:** October 1, 2013

**ESTIMATED IMPACT ON STATE:** Buck Consultants, the Retirement Systems' actuary, and Hartman & Associates, the General Assembly's actuary, does not expect the mandatory retirement age to have a financial impact on the retirement system.

**ASSUMPTIONS AND METHODOLOGY: Teachers' & State Employees' Retirement System**

The cost estimates of the System's Actuary are based on the employee data, actuarial assumptions and actuarial methods used to prepare the December 31, 2011 actuarial valuation of the System. The data included 310,627 active members with an annual payroll of \$12.8 billion, 171,786 retired members in receipt of annual pensions totaling \$3.5 billion and actuarial value of assets equal to \$58.1 billion. Significant actuarial assumptions used include (a) an investment return rate of 7.25% which includes inflation of 3%, (b) projected salary increases between 4.25% to 9.10% which includes inflation of 3.5%, (c) RP-2000 Mortality tables for retirees are set back one year for male teachers, set forward one year for all general employees and unadjusted for female teachers and all law enforcement officers, (d) RP-2000 Mortality tables for disabled retirees are set back six years for males and set forward one year for females, (e) RP-2000 Mortality tables for active employees are set back one year for male teachers, set forward one year for all general employees and unadjusted for female teachers and all law enforcement officers, (f) rates of separation from active service based on System experience. The actuarial cost method used was the entry age normal cost method and an amortization period of twelve years. Detailed information concerning these assumptions and methods are shown in the actuary's report, which is available upon request from Stanley Moore.

**SOURCES OF DATA:** Buck Consultants  
Hartman & Associates, LLC

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION: (919) 733-4910.** The above information is provided in accordance with North Carolina General Statute 120-114 and applicable rules of the North Carolina Senate and House of Representatives.

**PREPARED BY:** Stanley Moore

**APPROVED BY:**

Mark Trogdon, Director  
**Fiscal Research Division**

**DATE:** March 6, 2013



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